

# *The* **Management** **REVIEW**



**NOVEMBER, 1942**

---

**COMMENT • DIGEST • REVIEW**

---

# *Production or else---*

**T**

The nation-wide production obligation of industry is to turn out \$140,000,000,000 worth of war goods during the years 1942 and 1943, or approximately \$6,000,000,000 worth per month. It's a hard, tough job. *But it's production—or else!*

To achieve this enormous production, the production management forces of industry must understand:

What people to use as employees and how to use them.  
What employees to release to the armed forces, and when to release them.

Where and how to get materials.

How to get the most out of methods and equipment.

**THIS AMA CONFERENCE WILL BE PLANNED TO  
CONSIDER THOSE QUESTIONS.**

It will bring together the men who are working out these problems in their own plants. It will pool the production experience of our war industries.

**AMA CONFERENCE  
NOVEMBER 10 and 11  
HOTEL NEW YORKER • NEW YORK**

**MANPOWER**



**WAGE  
STABILIZATION**



**WOMEN IN  
THE FACTORY**



**MAKING  
SUGGESTION  
SYSTEMS WORK**



**THE NEGRO  
WORKER**



**SIMPLIFYING  
PAPERWORK**



**SCHEDULING  
MACHINES FOR  
MAINTENANCE  
AND  
MAXIMUM USE**



**MAKING BETTER  
USE OF MEN,  
MACHINES,  
MATERIALS**



**THE FUTURE  
OF THE WAR  
PRODUCTION  
DRIVE**



**THE PROBLEM  
OF ABSENTEEISM**

**AMERICAN MANAGEMENT ASSOCIATION**

122 EAST 42ND STREET NEW YORK N.Y.

# • CONTENTS •

NOVEMBER, 1942

Volume XXXI

No. 11

Copyright, 1942  
American Management Association  
Printed in U. S. A.

## Partial List of Contents

### The Management Index

Get Set for Concentration.....	366
Commerce	
How Workers React to Wartime Problems.....	369
<i>The Journal of Applied Psychology</i>	
Tackling the Office Help Problem.....	372
<i>American Business</i>	
Employee Magazines.....	376
Drift to Draft.....	380
<i>Business Week</i>	
Saving Fuel.....	386
<i>Modern Industry</i>	
Selling to Uncle Sam.....	391
<i>Sales Management</i>	
Credit Hazards in War Industries.....	394
<i>Credit and Financial Management</i>	
Guideposts to Business Life Insurance	396
<i>Barron's</i>	
And Others	
Survey of Books for Executives	
The Office Supervisor.....	399
<i>Reviewed by Leona Powell</i>	
Philosophy of Organization.....	399
<i>Reviewed by Edward N. Hay</i>	

# The Management REVIEW

IF priorities, taxes and manpower shortages have seemed to pose insuperable problems for industry, management should brace itself for a still more revolutionary upheaval. All signs point to "concentration of industry" as the next major phase in the war effort. As the term implies, it is the utilization of a few plants to perform the work of an industry, releasing the others for war production.

The WPB has already signified approval of the principle of concentration. Indeed, the process is already under way, with an experimental program in effect in the stove industry and programs for other industries in the blueprint stage. In all probability, we shall follow the pattern of British experience. Early in the war Britain sought to release 500,000 workers for war purposes by centering civilian production in "nucleus plants." Some four or five score industries have been affected, and, while hardships have not been averted, the government has kept the welfare of industry clearly in mind. The closed-down factories are in readiness to resume operations after the war, and a record is kept of transferred workers so that they can return to their old occupations.

As concentration gets under way in this country, it is expected that small plants will be selected to continue the production of consumer goods and the larger plants converted to war production. This is what has occurred in the stove industry, where output of "Victory" model stoves is centered in 190 small plants.

Many problems of grave significance will arise as the program develops. What will happen to goodwill and trade names? Won't the nucleus firms reap a tidy profit because of their monopoly? For answers to these and related questions, turn to page 366 (*Get Set for Concentration*).

JAMES O. RICE, *Editor*, 330 West 42nd Street, New York, N. Y.

M. J. DOOHER, *Associate Editor*

F. S. RICHARDS, *Associate Editor*

ALICE L. SMITH, *Assistant Editor*

THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York, N. Y., at fifty cents per copy or five dollars per year. Vol. XXXI, No. 11, November, 1942. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

---

# THE MANAGEMENT INDEX

---

## *General Management*

### Get Set for Concentration

INDUSTRY is about to be "concentrated." In fact, the process is already fairly well under way, removing just about the last vestige of "business as usual" from many plants that have been permitted to go along producing their usual civilian lines even on a strictly limited basis.

Concentration of industry is, as the name implies, the utilization of certain plants to perform the work of an entire industry, thus releasing the remaining plants to do war jobs. This makes available to the war effort skilled and unskilled workers, machines, shops and technicians, and still allows enough production to cover essential civilian needs. It has the further effect of conserving critical materials, since one plant, or a few, can get along on much smaller inventories for a given volume of output than can many plants producing the same total output.

**Donald M. Nelson, War Production Board chairman, announced his approval of the principle of concentration on July 23. At the same time, the WPB laid down certain broad policies**

under which concentration would be applied, not only to obtain the utmost efficiency and conservation but also to guard against ruinous effects on individual companies. With respect to the latter point, for example, there must be adequate safeguards so that, when the war ends, one company or a few will not dominate an industry. This means that trade names, goodwill and markets must be protected so that restricted firms will be able to re-enter their old industry after the war.

The need for concentration in a given industry will be determined by one or more of the following criteria:

1. Some or all of the firms in the industry are needed for war production and can be converted to such production.
2. Permitted civilian production is so restricted that economic operation of all firms in the industry is not possible.
3. A significant part of the production is continuing in areas where there are bottlenecks in labor, transportation, power, or warehouse facilities.

For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

Since it is obvious that most civilian industries already are, or soon will be, affected by at least one of the foregoing criteria, the individual plant operator is more concerned with the principles or rules by which the WPB will be guided in deciding which plants shall be selected to serve as "nuclei." While no hard-and-fast rules can be laid down, there are certain definite factors which will bear greatest influence in the Board's decisions. These factors are:

1. Size of plants
2. Labor supply
3. Transportation facilities
4. Power supply
5. Warehouse accommodations.

It is anticipated that small plants will be chosen to continue in production of civilian goods wherever possible, and the larger plants converted to war production. Large plants generally have a wider variety of machinery, making them considerably more flexible. Oftentimes they have engineering departments or technical staffs capable of solving the problems arising in a conversion program. Because of these advantages, the large plants can be changed to war production with less difficulty than the smaller ones. Yet it may well be found that in some civilian industries it is better to concentrate production in a few big plants and convert the smaller ones to war work.

Labor supply will weigh heavily in selecting nucleus plants. In areas where war plants are short of labor, civilian production is certain to be suspended, regardless of the size of the plants involved, and transferred to

plants in areas where there is still a surplus of labor.

Transportation is one of the serious bottlenecks in the war effort, so the WPB in selecting plants to continue civilian production will endeavor to relieve the strain on railroad and truck transportation facilities. Nearness to raw material supplies or markets, therefore, will be taken into account.

War industries are making such a demand on electric power that, in some areas, this may be the prime factor deciding the selection of nucleus plants. While there might not be a present power shortage in a particular area, large war plants under construction could readily create a shortage upon their completion.

Warehouse facilities ordinarily are taken for granted, but these accommodations have become severely short in some sections. This factor, while it is probably less important than any one of the preceding four, must nevertheless be taken into account.

Programs for concentration have been prepared for a number of industries, and one has already gone into effect in the stove industry. This initial program centered the production of "Victory" model stoves in 190 small plants, and shut off production in 78 large firms which are being converted to war products. Similar programs are under consideration for the following industries: farm machinery, bicycles, porcelain ware, warm-air furnaces, metal furniture, oil burners, office and store machines, plumbing supplies, toys, bedding; and construction, dairy and other types of machinery.

If a few concerns are going to be permitted to manufacture all the stoves, or furnaces, or farm machines, what will happen to the business of the remaining companies of the industry? Won't they lose all their dealers and distributors? Won't the public forget about their products and trade names, whereas the favored few will become better known than ever before? Won't a few companies reap nice profits because of their monopoly, while the others may have to shut down completely?

These basic questions have been explored thoroughly, and the WPB believes it has the answers. The most important measure for the protection of plants forced to shut down is the elimination of all trade names or other identification from the civilian products made in the nucleus plants. Suppose Company A, manufacturer of Hot-Stuff stoves, is selected as a nucleus plant for the stove industry. It will no longer turn out Hot-Stuff stoves, but a standardized product known as a "Victory" model, identical in every respect with stoves produced by other nucleus plants. Company A will have no chance to advance its own products at the expense of the closed plants.

Another scheme for industry-wide protection is to have the nucleus plants produce Victory models which could then be distributed by the remaining

companies through their usual channels. This arrangement would help to preserve dealer contacts, and would provide a means for keeping a sales force together. Unless the amount of civilian goods available for distribution is fairly large, however, the sharing of output would seem to be uneconomical and generally unsatisfactory to everyone concerned.

Profit sharing or some other form of compensation for the shut-down plants, to be paid by the firms which continue operations, is still another method for equalizing the benefits and burdens of concentration. This could be carried out either by having the nucleus plants produce at cost for the closed-down firms, as previously mentioned, or by a pooling agreement under which both production and distribution could be concentrated in the nucleus plants, with the net proceeds shared.

No guarantee of full protection to the shut-downs is promised, however. Quite the contrary. Donald Nelson has specifically stated that preference will be given to plans which will make possible the re-entry of the largest number of firms into their own industry after the war, but only so long as such plans are consistent with the efficient prosecution of the war. BY PETER W. COLLINS. *Commerce*, September, 1942, p. 17:4.

- 
- The War Damage Corporation, which insures against damage from invasion or resisting invasion, now has 3,500,000 policyholders, premium income for the first year of \$110,000,000, and assumed liability of almost \$100,000,000,000—yet this vast undertaking is housed in a single room, with a staff of but three employees.

—*The Wall Street Journal* 10/29/42

## How Workers React to Wartime Problems

THE democratic process places the power to approve or disapprove in the hands of the people. Consequently, it is important to know their reactions to governmental regulations and proposed programs of legislative action. More especially, however, it is valuable to know how those persons directly affected feel—in this case, the industrial workers.

That was the purpose of a recent investigation undertaken by The Psychological Corporation—to find out what workers themselves think, feel and believe about wages, unions, prices and industry in the light of government action in the war economy. One thousand personal interviews were conducted in workers' homes in 20 cities throughout the country. Results may be summarized as follows:

**Union Membership.** In the industrial homes surveyed, almost one-half of the workers were found to be union members. In the homes of non-industrial or "white collar" workers, only about one-tenth were found to be union members.

**Union Maintenance.** Eighty per cent of the respondents were against the idea of workers being compelled to stay in a union if they wanted to resign. Most significant, however, is the fact that, even among union members, 72 per cent expressed themselves as against such compulsion.

**The American Way.** The most significant and dramatic outcomes of this study are the reasons given by both

union and non-union members for not believing in union maintenance. In every city, among union and non-union members alike, and with a degree of spontaneity implying deep conviction, people expressed their reasons as follows: "Should be free to do as he wants"; "Every worker should decide for himself"; "It's un-American"; "This is supposed to be a free country"; "This isn't a dictatorship"; etc.

**The Closed Shop.** The phrase "closed shop" is used here in the sense defined by the question: "Do you think it would be a good thing if *all workers* were required to join or belong to a union?" To this question, 49 per cent answered "No," 39 per cent "Yes," and 12 per cent "Don't Know." However, when analyzed by union members and non-union members, we find that 61 per cent of the union members believe it would be a good thing if all workers were required to join a union, whereas among non-union members the same proportion are against the idea.

**The Status Quo.** A large majority, 71 per cent, believe that labor should not be allowed to organize new unions for the duration of the war.

**Prices and Wages.** The overwhelming majority believe that the government should fix prices and rents during the war. On the other hand, only 49 per cent believe that hourly wage rates should be fixed, whereas 38 per cent say definitely that they should not.

*Company Reserves.* A substantial number, namely 48 per cent, believe that companies should be allowed to retain a large part of their earnings to help them convert to peacetime work after the war. When it is remembered that this is the opinion of workers in the middle- and lower-income groups, and that only 33 per cent are against large reserves, the result is significant.

*Responsibility for Strikes.* In the total sample, 54 per cent believe that the labor union leaders rather than the employers or others are responsible

for strikes or disagreements which slow up war production. Even among union members, 37 per cent attribute such disagreements to labor union leaders, while only 31 per cent attribute them to the employers.

*Large Companies and Their War Effort.* The majority, or 66 per cent, believe that the big manufacturing companies are now doing all they can to help the war effort.

BY HENRY C. LINK. *The Journal of Applied Psychology*, August, 1942, p. 416:23.

## The Anomaly of Functional Management

FUNCTIONAL foremanship, first introduced by Frederick W. Taylor when he began the experiments which led him to his philosophy of scientific management, has proved an effective management tool. One functional foreman supervises the assembling of material, another the actual manufacturing job, while a third inspects the product. Each is responsible only for an actual *processing* phase of manufacturing, and all report to the shop superintendent. Thus every phase of the work receives expert, specialized attention, and overlapping of authority is kept to a minimum.

Why cannot this concept be applied with equal effectiveness to middle and even top management?

Unfortunately, where supervision is divided at the upper levels, the situation is entirely different. Each of the "func-

tional managers" exercises authority but has no clear responsibility. The following case is typical, rather than exceptional:

To find out why a group of workmen failed to meet the delivery date on an important job, I first inquired of the sub-foreman. All he knew was that a few days before delivery was promised he had been told to transfer his men to another job. His foreman had not been consulted, but he understood specifications had been changed, which made it necessary to send a part to another firm for processing.

Next in line was the production superintendent, who confirmed the foreman's story, adding that he had protested the change in specifications, but to no avail. Since the engineer, as functional manager, had the authority to make the change, the superintendent had no alternative but to farm out the

work (which required special equipment).

At the vice president in charge of production, the trail began to branch. The sales manager, it seems, had been forced to lower his original price or lose the order, and the lower price necessitated a change in processing. The production man had suggested methods which would have made it possible to do the work in the firm's own shop; the methods man and the sales manager, however, had not approved—and the vice president in charge of production had no authority over methods or sales.

But, according to the methods man, the sales manager was really responsible, because he himself, as director of methods, had no authority over costs, new equipment or sales prices. But, according to the sales manager, the real culprit was the treasurer, who had the say on new equipment.

With such diffusion of authority, one

is constantly playing hide and seek with individual responsibility. Hesitation and vacillation take the place of aggressive action—and no one is to blame. There are constant battles between the functional managers over their prerogatives, and constant appeals to the chief executive. That executive either becomes so busy refereeing the fights that he has no time for constructive leadership, or he becomes so tired of them that he leaves his subordinates to straighten out their differences themselves. Real teamwork and coordination go by the board.

To functionalize management at the top is to pervert sound principles of organization to a use for which they were not intended, for which they are not adapted. Frederick Taylor, I feel sure, would be the first to condemn such a system. By HENRY H. FARQUHAR. *Advanced Management*, April-June, 1942, p. 51:4.

### **How Music Speeds British Production**

PRODUCTION in British war plants has been stepped up between 12½-15 per cent for an hour after musical programs have been introduced by the British Broadcasting Corporation according to a message received from the B.B.C.

"One of the important minor jobs of the B.B.C. is to keep the industrial front working cheerfully and at high speed to produce the required war equipment," reads the message. "The Corporation has three programs to achieve this end, all based on the view that the music must be familiar to the ordinary worker, given either at the beginning of the day's work or at the end of a particularly trying day.

"The melody should be clear and well defined, able to ride over factory noises. Tone level or volume should be constant, and the tempo or rhythm should create a bright and cheerful atmosphere. Music is best suited for workers who are employed on repetition or other monotonous work (especially female labor). The tone of an organ is unsuitable for amplification in factories, and so is 'hot' music or 'jazzing' of any melody. Loudspeakers should be small and well placed about the plant rather than large and only one or two to a department. Vocal items and speeches should be avoided."

So pronounced have been the benefits following the B.B.C. experiments that many factories now have their own facilities installed, alternating with B.B.C. programs to avoid monotony. Variety is essential. When these principles are followed, production is increased by between 12½-15 per cent for an hour or an hour and a half after the program.

—*Marketing* 10/17/42

# Office Management

## Tackling the Office Help Problem

**R**EPORTS from many large employers of office help indicate that business is taking steps to cope with the shortage of office help now existing in a number of communities.

The survey, just completed by the editors of *American Business*, indicates that:

1. There is not, as yet, a severe shortage of general office help—at least not so severe a shortage as gossip and many reports indicate.

2. Good stenographers, expert typists, and calculating machine operators are scarce in many localities.

3. Many companies are hiring women for office jobs which were traditionally reserved for men.

4. Only a few companies have established formal training facilities for inexperienced employees.

5. Some companies have begun to hire a larger percentage of inexperienced help and are allowing more time for informal training within the department than before.

6. The biggest problem in maintaining a staff of office employees is turnover, which is increasing considerably in many localities.

One company after another reports a reasonably large supply of office help, although some state that it is necessary to keep in touch with schools and business colleges, and some have been offering positions to married

women who were formerly employed.

Several companies report recent installations of office equipment which reduced the number of employees necessary. Of course, most modern office equipment is unavailable today, except on highest priorities. Nevertheless, some companies may find it feasible to use machines now owned to better advantage. Typical of the reports of companies which have been able to do more work with fewer people by means of modern office equipment is a comment from J. L. Batchler, controller of the Kansas City Life Insurance Company. He says: "In less than five years we have reduced our clerical personnel by 45, which has resulted in a salary saving of about \$5,000 per month, while insurance in force has increased \$50,000,000 and assets have increased approximately \$25,000,000. This was accomplished by transferring all our accounting from manual methods to punched cards."

The Bloch Brothers Tobacco Company, Wheeling, West Virginia, reports that it has been found advisable to simplify and divide certain jobs so that inexperienced people can handle them more satisfactorily. It is more than likely there are many cases in the average office where this principle could be employed more extensively.

The Ohio Public Service Company has found that a number of office jobs once delegated exclusively to men can

be performed satisfactorily by women. This company is now employing female Addressograph operators, mimeograph operators, meter section clerks, meter testers, and stores ledger clerks in place of men.

The Consolidated Edison Company of New York has carried on a War-on-Waste campaign for seven months. It has proved quite successful, and a number of reports have been eliminated, extra copies normally required have been reduced, procedures have been reviewed and, in many cases, simplified. A considerable number of jobs which are normally worth doing, but which can be postponed, have been temporarily suspended by the management.

According to Washington bureau heads, there's going to be a greater shortage of help as the war proceeds. It may be necessary to set up training schools in many offices, to polish off recent school graduates, and to give "refresher" courses to the thousands of married women who will be coming back to work as new opportunities develop.

But some managers do not look with great apprehension at the possibility of

acute shortages of office help. Jack C. Staehle, director of industrial relations, Chicago Mail Order Company, has five reasons for thinking there will not be an acute shortage. He lists them as follows:

1. Many non-defense industries will pass out of existence and thereby release clerical workers.
2. As customers' goods become scarce, retail stores of necessity will reduce the number of employees on their payrolls. Many of these will seek clerical positions.
3. When a demand for more clerical workers arises, girls will leave school sooner. During the depression, when jobs were scarce, children were kept in school longer. When jobs become plentiful, they will leave school.
4. Before there is a real scarcity of clerical workers, literally hundreds of thousands of housewives who previously worked in offices will seek employment.
5. There is a vast untapped clerical force among the Negro population. These people should make excellent clerical workers.

*American Business*, September, 1942,  
p. 19:3.

### *Postcards for Correspondence*

SEVERAL insurance agencies have found that from 30 to 50 per cent of daily routine correspondence can be handled on penny postcards, on which messages are written by hand or by typewriter. Method used is to buy a quantity of government postcards, and across the top have imprinted the name of the firm, and just below this, at the left, the usual "From-To-Subject" salutation. You can make a carbon if you need to, but in actual practice it may be found that many routine inquiries really do not require carbons. Savings are made in paper (the paper costs nothing); postage (one or two cents each mailing); and time.

—*The Casualty and Surety Journal* 10/42

## How One Firm Cuts Correspondence Costs

**I**N a community where booming war industries have caused a serious shortage of stenographic help, one company has devised a plan which has enabled it to handle an increased volume of work without enlarging its staff.

The first step was the installation of dictating machines. This made it possible for the same number of girls to produce twice as much work because the time they had formerly spent taking notes could then be utilized for transcribing. Also, dictators could dictate whenever it was convenient, without waiting for a stenographer.

Then more form letters were introduced. Many of the inquiries the firm receives are very similar, which means that there is really no necessity for an individual answer to each one. Special files have been built up, with form letters and numbered paragraphs, and each girl is supplied with a set. The dictator need merely refer to the form letter or paragraph by number.

For customer promotion, collection and other cases in which the letter is addressed to a large group, the firm has installed an automatic typing machine, on which an electric typewriter, speeded up to approximately 150 words a minute, is used. Records are cut for each letter that is to be sent to a group.

This cuts down the actual typing time; and, as the operator is typing at another typewriter while the electric machine is in operation, two jobs are performed at one time.

For letters turned out by the electric typewriter, no carbon copies are made, which means another saving in time. Samples of these processed letters are mounted in a book, and on each one the group to which it was sent is indicated.

Multigraphed letters, filled in with the individual's name and address in carefully matched type to avoid the look of a processed letter, are also used extensively. Another time-saving device which the company has developed is the news letter or bulletin, which it sends out whenever it has compiled information that it knows would be useful to all its customers. In this way a considerable number of inquiries are forestalled.

Letter-writing courses for both dictators and transcribers have been introduced. This means better letters, more concise and to the point. Finally, in the transcribing department the company employs girls who have enough experience and ability to do any editing the correspondence may require. *An Exchange of Management Experience*, The Dartnell Corporation, Chicago.

---

► THE AVERAGE WAGE of 90 per cent of the workers in Germany is \$10 a week. From this about \$2 is deducted in taxes and "voluntary" contributions.

—*The Office Economist*

## Bonds for Conservation Suggestions

A BUSINESS publishing company, seeking to eliminate all possible waste, set up a conservation committee and offered three defense bonds as prizes for the best suggestions submitted by employees. Prize-winning suggestions included a plan for a permanent salvage and conservation organization, a suggestion that half-size company letterheads be used wherever possible, and a suggestion that the spoilage allowance on print orders be reduced.

Additional awards were made for a number of other suggestions, among them:

1. Make promotion pieces and sales presentations less elaborate, and present ideas in the fewest possible words. Prepare material to be read rather than admired.
2. Make a careful check of lists for news releases; send the releases only to people who want them.
3. Have the purchasing department let the staff know which types of paper are most difficult to procure.
4. Increase the capacity of inter-office envelopes by one-third.
5. Organize periodic housecleanings in all departments in order to salvage material.
6. When possible, have typists write, say, 80 characters instead of 70 to a line.
7. When certain types of materials are placed in the files, assign a throw-away date, in order that material may be automatically disposed of.

—American Business Publishers

## More Speed in Form Writing

USING bills of lading furnished by the railroad company, one concern was able to turn out about 100 sets daily. Much of the time required in preparing bills of lading is consumed in writing the description, weight, packing description of the items shipped. This company consulted a firm specializing in business forms. A new bill of lading was designed, with printed descriptions of all the items made by the company. Now it is only necessary to fill in the quantities and weights, because the other information is printed. Present production is 300 sets daily. Standard Register Company produced the forms.

Another firm found it possible to increase production of typed forms by the use of a typewriter attachment which in a moment or two converts any ordinary standard typewriter into a forms-writing machine, with automatic interleaving and removal of carbons. While there is nothing new in these attachments, which are made by several of the well-known register and systems manufacturers, there are literally thousands of office operations in which use of these attachments will save from \$5.00 to \$7.00 per thousand sets of forms typed.

—American Business 9/42

## Preserving Platens

WHILE the OPA has recommended sand-blasting for renewing typewriter rollers, some companies feel that the practice is dangerous. If the sand-blaster is not thoroughly skilled in handling typewriter parts, they declare, uneven typing and cut ribbons may be the result. Typewriter firms sometimes suggest very light rubbing with an emery cloth, but specify that it should be done by an expert.

Another possibility is the use of a backing sheet, which protects the platen from damage in the first place. Backing sheets are not at all difficult to obtain, as they are distributed by most ribbon and carbon companies. In some cases it is claimed that the sheets not only protect the type platens but improve the appearance of the typing.

# *Personnel*

## **Employee Magazines**

**T**HREE are today more than 1,000 employee magazines. Some of them have had a continuous existence of more than a quarter of a century; others have been recently established. Some discontinued publication during the early years of the depression but have resumed their existence in the past few years.

This study by the Policyholders Service Bureau is based on a review of the 282 employee magazines of 277 companies. Those analyzed include magazines for all employees of the company, magazines for production employees, for clerical and maintenance workers, for salaried workers, and magazines for both employees and stockholders. In addition to reviewing the 282 magazines, the Bureau consulted the editors or individuals responsible for 89 magazines, who gave information on the policies of their magazines, their editorial plans, methods of distribution, and other data.

The two primary purposes of the majority of the employee magazines covered are to keep employees informed about the company and to create an esprit de corps—"a feeling that the employees have a unity in being employees of our company." Individual magazines have other specific purposes, such as to promote the safety activities of the company or to feature towns and cities in the locality.

The policy of an employee maga-

zine reflects the management's attitude toward the employees and is ordinarily subject to managerial approval. In one company this responsibility is assumed by the president, in another by a member of the board of directors. In a large number of companies this is a function of the head of the department issuing the employee magazine—usually the public relations, advertising, publicity or industrial relations department. In 33 companies this duty is assigned as follows:

Industrial relations manager .....	12
Advertising or publicity manager .....	8
Public relations manager .....	6
Personnel and public relations manager .....	2
Sales manager .....	2
Commercial department .....	1
Economics and statistical department .....	1
A vice president .....	1

A policy without a plan to carry it out is of little use. The contents of the magazine should be planned with one eye to the objective and the other to getting the magazine read. In considering both points the type of reader is of paramount importance. The style, content and appearance of the magazine for employee-stockholders, for the bank employee, and for the industrial employee will differ. The average age level of employees and the predominant sex are also to be considered.

There are certain "don'ts" for the employee magazine, most editors agree.

Don't write on politics or controversial subjects, and don't be too impersonal in style. Don't preach, don't gossip, and don't use too much of anything.

Before an employee magazine can be planned in detail, it is necessary to know how much money can be spent. Costs, of course, vary widely according to the size of the circulation, the size of the magazine, the paper stock, the art work, the process of reproduction, and the salaries of the editorial staff. Mimeographing is an economical method of producing an employee magazine.

In a study by the National Industrial Conference Board of 171 publications, costs, exclusive of salaries and overhead, ranged from less than 1 cent a copy for a small newspaper to 30 cents per copy for a magazine having a circulation of less than 5,000. Printing and paper costs for 125 publications ranged from 25 per cent to 90 per cent of total costs. Engraving costs for 122 publications varied from 10 per cent to 66 per cent, and costs for art work for 60 publications ranged from 1 per cent to 25 per cent.

For the most part, the entire cost of employee magazines is borne by the company. Some companies, however, partially finance their employee publications by the sale of advertising space or by a small charge for the magazine. Of the 282 employee publications reviewed, 21 carried paid advertising.

The budget will determine whether a full-time editor can be hired or whether the work of preparing the employee publication should be delegated

to some member of the organization on a part-time basis. In certain cases neither plan will be practical, and the magazine may be produced by outside consultants. In any case, human sympathy and understanding and the ability to secure the support of superiors and the confidence of the personnel are important qualifications for an editor. Furthermore, he should be able to write, should know something about photography, and should be technically qualified to get out a magazine.

Interesting news may come unsolicited from employees not on the reportorial staff—if it is made easy for them to send in material. News boxes may be placed throughout the plant for such contributions. Some gentle prodding from time to time may stimulate cooperation of all employees.

When the employee publication has a sizable budget to draw upon, the editor has one or more assistants who aid him in gathering news material and share responsibility for planning the magazine. The average editor, however, is dependent upon a staff of unpaid employee reporters to whom news gathering is a side line taken on in addition to their jobs.

When the policy of the employee publication has been turned into an editorial plan, when the budget has been worked out and the editor chosen, the question remains, How is the material to be presented? Shall it be in a tabloid or a mazagine? Will it be a weekly, bi-weekly, monthly, quarterly?

Among the first questions to be considered are the comparative advan-

ages of the magazine and the newspaper. While it is not always easy to classify a given publication, if the classification is made on the basis that a magazine has a separate illustrated cover, employee magazines outnumber employee newspapers. The magazine has several advantages. It can be made more attractive—the editor can avail himself of a greater variety of type faces—and, as there are fewer short articles to be included, layout can usually be more pleasing.

How often shall the house organ be published? No general rule can be laid down. It depends on the budget, the amount of news available, and the type of publication. A tabloid in a large company may come out every week or every two weeks or every month. A magazine rarely comes out oftener than once a month, and may not come out oftener than every two or three or even six months. Analysis of the frequency of issue of 282 employee publications shows that 18 come out weekly, 14 every 2 weeks, 2 every 3 weeks, 200 monthly, 27 every 2 months, 20 quarterly, and one semi-annually.

The size of an employee publication depends on the budget, on the size of the company, and on the frequency of issue. The weekly paper may have

only four pages—so may the monthly paper of a small company. Other monthly or quarterly publications have 56 or more pages in each issue.

The outstanding development in employee magazines in the past 10 years has been in illustration. The wide popularity of the tabloid newspapers and the establishment and public acceptance of such picture magazines as *Life* and *Look* have had a determining influence on employee publications. Such picture magazines as *General Motors Folks* and *Weirton Steel Employees Bulletin* have been established. Certain magazines, such as the various plant editions of *General Electric News* and the Western Electric employee magazines, have introduced rotogravure supplements.

In addition to sending the employees' magazine to employees, a number of companies send it to retired workers and to workers in military training camps. The Carnation Company sends its employee periodical to all women employees who resign to be married. Some companies, especially public utilities, send their magazines to all newspapers in the territories served.

Policyholders Service Bureau, Metropolitan Life Insurance Company, New York. 73 pages. Gratis.

---

► SOMETHING NEW in employee publications is the *Cessna Aircraft*, issued by the Employees' Club of Cessna Aircraft Company, Wichita, Kan. Down to the coated stock and the parchment-like binding, it is modeled on a college yearbook. Photographs of executives and thumbnail sketches of their careers take the place of the usual class roll. Employees did all the work on their own time, and hope to put a new book out each year.

## Nutrition Programs in Industrial Plants

**T**HREE'S now a nutrition program available to meet the specific needs of any type or size of industrial plant. Nutrition, a national problem made doubly important by the growing shortage of manpower, is finally being tackled on all fronts by government and private enterprise.

Smart management is finding nutrition programs a vital part of any employer-employee relations plan. In a survey of existing nutrition programs in industrial plants, it has been found that successful nutrition programs can:

Reduce sickness and absenteeism.

Increase productivity of individual workers.

Provide needed social activity for wives of transplanted war workers.

"Sell" management to wives—an insurance policy against labor difficulties in the future.

By teaching food-buying economies, reduce pressure for wage increases.

Four outstanding nutrition programs have been studied by the editors. There are others, of course; but in the four (offered to industry by Servel, Inc., Westinghouse Electric & Mfg. Co., General Electric Co., and Wisconsin Alumni Research Foundation) are found all the elements essential to an effective program.

The programs of Westinghouse, Servel and General Electric are linked to local public utilities and are a wartime application of long-established public relations activities of these companies. With production of electrical appli-

ances curtailed by the war, these companies are providing a valuable service to industry and to the public which maintains company names, brands and goodwill.

Servel's program tackles the nutrition problem from five angles: home meals, lunchboxes, plant cafeterias, rolling canteens, and the neighborhood "greasy spoon." The program is neatly "packaged" with slogans, posters, menus, cartoons, buttons. Principal theme is "Eat to Beat the Devil"—the devil being a composite of Hitler, Hirohito and Mussolini.

Lunchboxes and home meals are handled through pamphlets and other literature sent to the homes of workers. In plant cafeterias employees are sold "victory lunches" in which each of the five essentials to good eating is contained. In Servel's cafeteria, for example, foods are grouped in the five nutritive classifications, and at the end of the line a checker gives to each employee who has purchased a balanced meal a ticket stub for a weekly raffle of war bonds.

Servel, through local gas utilities, offers consultative service for plant cafeteria managers and also for the neighborhood restaurant proprietors, to whom "certificates of cooperation" are given. Servel's program is one of the few which frankly approaches the "greasy spoon" problem.

General Electric and Westinghouse direct their programs principally to the wives of workers. Both have been

highly successful in organizing clubs of industrial workers' wives which meet regularly for instruction in nutrition, economical buying, and home-making. Supervision of such groups is handled chiefly by nutritionists or home economists of local utilities.

The G-E program consists of four class sessions, the company's experience indicating that interest cannot be maintained for a longer period. Promotional material, slogans and pamphlets are provided. Certificates are awarded wives who finish the General Electric four-lecture course in nutrition and home-making.

Westinghouse has found that monthly meetings of wives and the distribution of a monthly nutrition guide, covering home meals, shopping news, recipes, lunchbox meals, and general home-making materials, are effective.

In both the G-E and Westinghouse programs, cooperation with labor unions and their women's auxiliaries is recommended. Labor acceptance of

the program has been found desirable, and in some plants the nutrition program has become an activity of labor-management committees in the War Production Drive.

The Wisconsin Research Foundation places particular emphasis on the consumption of milk, but its plan can be used as a general nutrition program. A variety of literature for workers and a plan for selling milk for between-meals are offered.

In no case is it necessary for a company to use every feature of the suggested program. Modifications can be made to meet local situations. A minimum program under the G-E plan, for example, would be merely the distribution of that company's pamphlet for housewives and the use of posters in the plant. The other extreme is the Servel program, which blankets the nutrition field in industry with possibly one exception—it makes no provision for employee participation in its administration. *Modern Industry*, October 15, 1942, p. 106:5.

## Drift to Draft

**T**O correct draft problems before they become problems—that is the objective of a plan which Nash-Kelvinator Corp. has put in operation to cope with the drift of essential workers into the Army inspired by hints from Washington that occupational deferments soon may end. Plant executives are concerned over the outlook, and believe that, unless circum-

stances change, their working forces will be depleted of men they can ill afford to lose.

Nash-Kelvinator has intensified the work of a new department established last spring to handle selective service problems. This department is busiest at Lansing, Mich., branches, where draft problems are most acute, and it is being expanded to other divisions.

All workers in the plants are catalogued by draft status. Intelligent analysis is made of those cases in which deferment appears logical. When it is decided to seek a deferment, the appeal to the local board is thoroughly prepared and presented.

Coincident with the recording of draft status, the corporation's government contact division has surveyed all plant operations, so that the relationship of the men to the work being done is readily apparent.

Signs throughout the plants urge employees to notify personnel offices of any draft-status changes. Thus, when a local board notifies John Smith, cutter grinder, that he is to be reclassified 1-A unless he can show cause why he should not be, John Smith is expected to report that fact for an examination into the circumstances.

There are three basic determinants for deferment: First, is the activity of the plant critical; second, is the occupation of the subject worker critical? If the answers to both are "yes," the third point must be considered: Is the man personally necessary in his occupation? If the answer once more is "yes," the groundwork has been laid for a deferment request.

These appeals are made to local boards on Occupational Deferment form 42A. There was a time when the filing of these forms meant almost automatic deferment. This is no longer the case. The fairly general statements on 42A must be bulwarked with more substantial evidence if the factory expects to keep its men.

An insert has been devised by Nash-Kelvinator to carry the additional information deemed necessary to establish the merit of the case. This insert goes into minute detail to establish the existence of the foregoing factors required for deferment.

To establish the position of the plant in the war program, the corporation outlines contracts held and products built, together with their priority ratings.

To establish the significance of the man and his occupation, his work is detailed. John Smith, cutter grinder, may be the subject of a 400-word paragraph, describing not only what he does but also telling how many units he produces in how much time, how large his department is, how difficult the finding of a capable replacement would be, his pay rate, and what his experience and education have been.

Obviously, this type of inquiry washes out many cases which might otherwise be subjects of deferment proceedings. The corporation has no desire to seek deferments unless they can be justified, and so if the evidence assembled does not create a tenable brief, the deferment request is dropped, and the employee shortly exchanges his mufti far khaki.

But once the appeal has been made, Nash-Kelvinator believes in carrying it through. Local boards usually have recognized the merit of such briefs. In some cases, requests have been turned down, and appeal has been made to the state board. The state adviser for occupational deferments is a court of

higher authority if the state board rejects the case, and he may be asked to carry the argument for an employee's deferment to Washington.

Development of the deferment data lies with a plant committee, consisting of the factory superintendent as chairman, the employment manager, an office representative, a representative from the Detroit office of the government contact division of the corporation, and the chief inspector of the plant affected. Their findings are subject to review by the general manager of the division.

It proved difficult before the inauguration of this system to establish to the draft board that, although some men had been working for the company only three or four months, they were critical employees. Draft boards often held that if these men could be trained for specific jobs in that length

of time, others could be hired and equally well trained in the same period.

"That," Nash-Kelvinator officials declare, "is not good reasoning. If such a cycle were allowed to develop, we'd always be a 'new' plant. A man with us since the beginning is actually as old as the operation, and has value far beyond that of someone attached for the same length of time to an older plant. In one sense—that he might have worked on some war item from the time that we started producing it—he could well be considered a key man."

The Nash-Kelvinator plan may grow. Michigan selective service headquarters is interested in it and has cited the idea to other companies. The fundamentals of the idea have progressed to Washington, where officials are studying it. *Business Week*, September 19, 1942, p. 90:3.

### **Revised Occupational Deferment Forms**

**O**FFICIALS at National Selective Service Headquarters have urged employers immediately to file application forms 42 and 42A for employees they wish deferred from the draft as "necessary men."

Selective Service officials emphasize that employers should not wait until employees are called up by their draft boards for possible reclassification before filling out these forms. *They should be filed at once.* By filing the forms now, employers are assured that they will be notified before their "necessary men" are reclassified or drafted.

Selective Service Headquarters has issued the following official statement on the importance of filing these forms immediately:

"Issuance of a simplified Form 42A and revised Form 42, designed to greatly assist employers in their application for deferment of 'necessary men' and to lessen the 'paper work' of local boards when considering occupational classifications is announced by the National Selective Service Headquarters.

"With the issuance of these revised forms, National Headquarters urges that employers be advised to use them in connection with all 'key men' among their workers, regardless of whether or not these registrants have been deferred for other reasons.

"The filing of the information required by the forms is particularly advisable, it is pointed out, in connection with a 'necessary man' who has been deferred for dependency in Class III-A or Class III-B, because it would help to prevent possi-

bility of his induction when those categories are being considered for military service without the employer's having had opportunity to present evidence of the man's necessity to him. Furthermore, the filing of application for the deferment of an employee gives the employer a right to appeal a change in the employee's classification.

"The Form 42A, on which industrial employers make application for deferment of necessary men, has been reduced from a four-page to a two-page document, although all questions necessary for the submission of pertinent information have been retained.

"Revised Form 42 is for use by employers other than industrial and is in the form of an affidavit.

"Filing of either form by a proper person, other than the registrant, entitles the person who filed to make an appeal from local board action when he believes the registrant has been improperly classified.

"A few cases have been brought to National Headquarters' attention which indicated that some employers had filed misleading information so as to obtain deferments of employees. Wilful submission of false information in such cases is a violation of the Selective Training and Service Act of 1940, as amended.

"In making the change in Form 42A and issuing the new Form 42, National Headquarters is convinced that the revised forms will greatly reduce the amount of time required of an employer in filling out a request for occupational classification."

—*NAM News* 10/17/42

### ***They Also Serve***

**A SURVEY** of principal war centers shows a big upturn in employment of the crippled, blind and otherwise physically impaired—the men who are normally classified as unfit for military service.

Successful employment of these people depends mainly on job analysis, particularly on analysis of the physical demands of the jobs. At the Williamson Candy Co., Chicago, 15 beginning jobs, including bar wrapping, boxing and core inspection, were analyzed on "job summary sheets." By matching abilities with job requirements, the company found it possible to take on three workers with leg disabilities, two deaf-mutes, and others with hip, spine and hearing defects. All are working at normal production level, and all have made satisfactory social adjustments. Several have received wage increases and promotions.

—JOHN S. NAGEL and MEYER BROWN, M.D. in *Problems of Labor Supply for War Production* (pamphlet published by the Industrial Welfare Department of the Zurich Insurance Companies)

### ***For Men in Service***

**E MPLOYEES** of Phoenix-London affiliated insurance companies are holding bridge parties and other social affairs to raise money for former fellow workers now in the armed services. Checks are forwarded near the end of the month, about a week before payday, when the money is most welcome. Books and other articles have been sent, but in most cases, the company has found, the servicemen prefer the cash.

As each man leaves for service, his name is placed on a plaque—84 names have been listed to date. The whole plan is administered by the Employees War Fund.

—*The National Underwriter* 9/10/42

## Principles of Employee Counseling

PERSONNEL workers have always assumed some responsibility for helping employees solve personal problems which interfere with their efficiency. Their counsel, however, has tended to be incidental. Now management has begun to see the necessity for a definitely planned counseling service, and personnel administrators are experimenting with various approaches to the problem.

It is obvious that there can be no standard pattern for an employee counseling service. The best approach will naturally depend on the size of the company, its background, and the personalities involved. But in any case there are certain fundamental principles to bear in mind:

1. *The individual functions as a whole, and his efficiency on the job will depend on his total adjustment to life.* An employee who is having serious marital difficulties or who is harassed by a burden of excessive debts or who habitually drinks himself into a stupor night after night will be unable to maintain the pace on the job. While management cannot assume responsibility for directing the lives of its workers, even if it knows how, it must appreciate that job success or failure presents a complicated pattern and that maximum efficiency on the job depends upon a reasonably good total adjustment. Acceptance of this point of view immediately suggests that, within limits, management must assume responsibility for this adjust-

ment. The most natural approach is through a program of employee counseling.

2. *The need for counseling arises when the individual is confronted with problems which he cannot solve satisfactorily without help.* No personnel administrator wants to intrude on employees' private lives. For the most part, the service should be for those who seek it voluntarily, although it is permissible to allow the supervisor to refer those in difficulties to the counselor.

3. *The function of counseling is to help individuals help themselves.* Counseling does not consist of telling people what to do. Even if the counselor is immediately certain what the solution to a client's problem is, he should go slowly until the client understands it himself and develops a plan for solving it. One test of a counselor's success is whether or not his clients become increasingly self-sufficient.

4. *Effective counseling is dependent upon adequate data.* Employee counseling will get off to a bad start if it is undertaken by a person who depends on inspirational advice rather than on careful analysis of problems. The interview should be the basic technique, but the counselor may wish to supplement this with psychological tests, efficiency ratings, conferences with supervisors and fellow workers, medical reports, or even a social case history investigation. And the more he knows about the company, the personalities

involved, and the community itself, the better qualified he is to serve as a guide.

5. *The counselor should hold what the client tells him in professional confidence.* Certain situations may be discussed with management or with the client's fellow employees, provided there is a judicious selection of what is to be divulged and what is to be kept in confidence. But let a counselor get the reputation of talking too much and his usefulness is gone.

6. *Effective counseling requires a proper setting.* Incidental counseling of a conversational type may be done casually in the hall, at the worker's desk, in the shop. But when the problem is acute and of a personal nature, it is essential that there be privacy and freedom from distraction. The counselor should have a private office with an adjoining reception room.

7. *Counseling cannot be completely centralized.* A wise counselor will use the services of the supervisory staff as far as possible, confining his personal efforts to the more difficult cases.

8. *The employee counselor needs professional training.* Employee counseling is so new that a specific college course cannot be recommended. However, courses in the following fields would probably be useful: social psy-

chology, abnormal psychology or mental hygiene, psychological tests, personnel psychology, techniques of guidance, techniques of counseling, sociology, statistics, and labor problems. The more the counselor knows about personnel procedures generally, the better qualified he should be, but no amount of professional training will make a good counselor out of one who lacks certain basic qualities: understanding of people, fairness, sincerity, good judgment, common sense.

9. *The employee counselor must know when to refer the client to a specialist.* Even though the counselor is professionally trained, he will frequently encounter problems which call for the help of a physician, a psychiatrist, an attorney, or a spiritual adviser. He should be familiar with the expert services available in his community.

10. *The counselor's work can be more effective if it is preventive rather than remedial.* Supervisors and counselors must be on the alert for symptoms of incipient maladjustments and take prompt steps before it is too late. The counselor should also watch for conditions within the organization which tend to produce inefficiency and maladjustments, and should bring them to management's attention.

By MITCHELL DREESE. *Public Personnel Review*, July, 1942, p. 200:5.

---

► ALTHOUGH two women were discharged recently from the Marinship Yards, Sausalito, Calif., for what the A. F. of L. Boilermakers' and Welders' Union described as "conduct unbecoming a lady welder," the union has finally dropped its ban on women members. The action was taken after a conference between the regional War Manpower Commission director and union heads. The director issued the following statement: "(1) We have to build ships; (2) We must employ women; (3) Women will be employed within 48 hours on work for which they are now qualified; (4) Sanitation and health safeguards will be provided."

# *Production Management*

## **Saving Fuel**

**A**S industry digs in for the 1942-1943 winter of war on the production battlefield, the fuel-supply problem takes on added seriousness. For every U. S. plant, whether it uses oil, coal or gas, it means one thing: All waste of heat must be stopped.

Medium-sized and smaller plants have the greatest opportunities for saving fuel. Big plants, where fuel costs run into big figures, are usually much more efficient and guard carefully against any waste. But stricter attention to fuel economy even in the big plants could total a great many extra millions of barrels of oil, tons of coal, or cubic feet of gas.

Plant defenses against fuel waste can be tightened in countless ways. Unless the efforts to do the job are co-ordinated and responsibility fixed, results won't be complete. So one sensible step for the plant to take immediately is to set up a Fuel Conservation Committee. Such a committee, made up of key plant men concerned with generation or use of steam and power, would meet once a week. Its job would be to track down and recommend ways to correct all leaks and losses of steam or fuel.

No matter how the plant organizes to war on fuel waste, a logical first step is to determine whether or not the right fuel for the combustion equipment installed is being used. Also,

users of coal—growing in number every day as the pace of conversion from oil quickens—should be more-than-ordinarily careful in handling coal after it arrives at the plant. Rough, abusive handling in unloading causes degradation of screened sizes into dustlike powder.

Almost every plant can tune up its boiler room equipment to perform better than it does now. And keeping that equipment in topnotch condition is essential—not alone for what it means in saving fuel, but for making hard-to-get replacement parts last longer.

A job that's not done nearly often enough is cleaning sludge and scale deposits from boiler tubes. Soot and dirt also must be cleared off. It's roughly figured that for every  $\frac{1}{4}$  inch of soot on the tubes, about 10 per cent more fuel is needed. Water that goes into the boiler should be clean, too. Pure water boils at 212 deg. F.—but you might have to raise the temperature of impure water to 220 deg. before it turns to steam.

A variety of commonly-overlooked defects can curb the efficiency of boiler plants. Just a few of these, listed by Anthracite Industries, Inc., are: burned-out flue baffles in water-tube boilers; deteriorated fire boxes and refractory settings for stokers (and oil-burners); excessive or extremely variable chimney draft; improper adjustment of automatic devices; faulty gauges and

indicators; improperly installed and adjusted stokers (and oil burners). Correction of defects of this sort have yielded fuel savings of 10 to 40 per cent.

One thing to watch carefully in actual operation of the boiler plant is the amount of air supplied to aid combustion. Too often an excessive amount of air pours into the furnace, some perhaps being sucked in through cracked or porous bricks in the boiler setting. The result is that you're just heating a lot of air that's going right up the stack. Unless a real effort is made to check chimney loss, the heat that disappears this way may be as much as 40 to 50 per cent.

It's easy to measure how much heat you're losing up the chimney. Inexpensive, portable thermometers help do the job. If the thermometer shows, for instance, a stack temperature of 650 deg. F., it means that fuel is being wasted—that the boiler is not absorbing all the heat it should.

One of the most important things every plant can do is to take full advantage of the fuel-saving possibilities of insulation. A graphic demonstration that brings home what can be done to conserve fuel through insulating is a chart prepared by the Industrial Mineral Wool Institute. It shows that just one square foot of uninsulated surface at 325 deg. F. can waste annually about 580 pounds of coal, or 50 gallons of oil, or 7,500 cubic feet of natural gas. That same surface, covered with inch-and-a-half insulation under similar operating conditions, will lose only 10 per cent as much heat.

Beyond the boiler plant, there's much that can be done in the factory buildings themselves to keep cold air from pouring in and heated air from rushing out. A thousand and one steps can be taken in this direction. Virtually all of them require only materials that are easy to get—like wood, insulation or glass. But to do the job right calls for a thorough survey of the buildings—a hawk-eyed inspection to discover every possible road to escape for the precious btu (another job for the Fuel Conservation Committee).

Transmission heat loss through windows is approximately four times that of walls. So unneeded windows might even be removed and the space filled with brick, stone, glass block or wood. Some of these measures, in fact, are being taken on an extensive scale in some plants for an entirely different reason: air-raid and blackout protection.

Shipping and receiving platforms can be a big gap in the plant defenses against heat loss. But that gap can be closed in a variety of ways, and the individual plant must work out for itself the best arrangement. The most desirable setup is where trucks or freight cars are brought into a totally-enclosed loading and unloading room, provision being made to carry off any exhaust fumes.

Just as householders are asked to cut home temperatures below normal, so must the industrial plant shave temperatures in factory buildings wherever possible. Minneapolis-Honeywell engineers make these suggestions: maintain minimum permissible tem-

peratures in each section of the plant—68 deg. in the office, 62 deg. in the machine room, 65 deg. in the assembly room, and 50 deg. in storage space. They also recommend that even temperatures be maintained in all occupied spaces; that heat be turned off or at least reduced to just above freezing in unoccupied spaces; that unused lines and radiation be disconnected; and that temperature in normally occupied spaces be reduced by at least 10 deg. when such spaces are not in use—say at night.

In organizing for a more intensive campaign against fuel waste, management should not overlook the big part that employees can play in helping to conserve fuel. Posters can drive home to all plant employees the vital need to keep windows and doors closed, to avoid piling on radiators anything that might retard the flow of heat, to use less hot water in plant washrooms, to keep extra clothing on hand, to eat warming, nutritious food. *Modern Industry*, October 15, 1942, p. 28:4.

### **Incentive Plan for Foremen**

**R**EWARDS for foremen based on their performance over a given period are included in a new plan recently put into operation by the American Car & Foundry Co. plant, which is making shells for the Allied Nations. The program to improve the quality of foremanship embodies meetings, discussions and instruction; and the establishment of a cash incentive to increase the foremen's alertness to their duties and responsibilities.

The chief element considered is the relationship of the foreman to the performance of his men; and results are computed by means of percentages to secure a mathematical rating. Ratings are made on the following factors:

1. The total number of hours against a par.
2. The attendance of the foreman and of his men.
3. The punctuality of the foremen as recorded by the time clock.
4. The scrap or spoiled material due to poor workmanship in the department.
5. Defective machining or workmanship.
6. The cost of cutting tools.
7. The cost of operating supplies, in comparison with an established limit.
8. The cost of indirect labor, in comparison with an established limit.
9. Percentage of daywork in the department.
10. Number of machines down in the department and number of machine-hours lost.
11. The safety record of the department.

In addition to the foregoing, the foremen are judged and rated for certain intangible qualities such as their conduct, energy and personality, their knowledge of the job, their judgment and common sense, cooperation, leadership, initiative, the cleanliness of the department, their labor relations—how they get along with their men.

M. S. Evans, District Manager, says of the program: "While the plan may not be altogether perfect, it has produced very tangible results in awakening the foremen to their responsibilities.

"It has opened their eyes to undesirable conditions existing in their departments and has resulted in a saving of a considerable amount of money to the company. Also, it has fostered a good feeling among the foremen, who look forward to the award—which is made at a buffet supper."

—*Supervision* 10/42

## Program for Control of Waste

**I**N Johnson & Johnson's Chicago plant, cotton and gauze are processed and finished into a variety of sizes and put-ups of surgical dressings. Until two years ago, the manufacturing department determined the degree of efficiency with which raw materials were being used largely through reports issued by the accounting division. This information, while of considerable value, had one disadvantage—it was too general. Thus, at the end of an accounting period, a department making a number of different products might be put on the debit side of the ledger, so far as material costs went, and hours of careful analysis would be required to determine what product or products were responsible.

Of more immediate value were the daily production and waste reports originating within the factory itself. The ticket that follows a roll of gauze from mill roll through each process to the finished product shows the waste at each point. Any unusual waste can be checked promptly at the point where it occurred.

In order that full benefit might be obtained from these tickets and that more of the same sort of information might be collected, a waste-control division, with a mechanical engineer in charge, was established in June, 1940. Its duties included:

1. To study waste at each stage of manufacture from an engineering viewpoint.
2. To set waste standards for each type of waste from each product, and to

check actual performance against those standards.

3. To cooperate with supervisors and foremen in maintaining standards and reducing waste.
4. To check the standards set with those in use by the cost department in an effort to develop more accurate standards for the standard cost sheets.
5. To develop more economical methods, better uses for unavoidable wastes, new uses for by-products.
6. To keep management fully informed on waste-control activity.

First of all, a form was developed for use in making waste studies. Designed to become part of a permanent file, it provides space for the operator's name and machine, the name of the product, starting and stopping time of the study, production, waste, reasons for waste, salvage value and cost of salvaging waste, annual cost of the waste, and standard waste.

Existing waste reports were reviewed, and some found to be unnecessary were eliminated; in other cases two or more reports were consolidated. In a few instances, new report forms were developed—for example:

1. For a new type of equipment, where the volume of material was large and a small variation in waste would mean a great variation in cost. In cases like that, a study is made, a standard set, and a daily or weekly report issued and passed on to the supervisor in charge until complete control can be attained.

2. For a new type of product, where initial manufacture showed high waste.

A report analyzing the waste is issued in such cases.

3. For departments where an increase in volume had caused the addition of new or inexperienced workers. In this case the report, made weekly, is known as a "waste efficiency report."

Waste reports for each machine are posted in every department, where the operators can see them; this serves to promote competition in the elimination of waste. Spot checks are made constantly throughout the plant, and letters are sent to the supervisors with recommendations regarding special cases of waste. Improvements in manufacturing technique are sometimes made even if the result is to increase

labor costs—the amount of material saved more than offsets the labor increase.

To date, the program has proved well worth while. In one case the new division saved approximately \$3,000 a year, without any investment whatsoever. In another case, an investment of about \$150 saved \$2,700 annually. Moreover, the work of the new department has proved invaluable in promoting waste-consciousness among supervisors and foremen and thus bringing about an over-all reduction throughout the plant. By R. C. DOWELL. *Executives Service Bulletin*, Metropolitan Life Insurance Company, June, 1942, p. 7:2.

## How Boeing Speeds Communications

**I**N Plant No. 2 of the Boeing Aircraft Company, which covers 41 acres, communications present a major problem.

Gasoline scooters are used for special messenger service, delivering inter-company memoranda, which are more numerous than letters received from the outside. The driver collects messages for other plants and delivers them to transportation headquarters. Timed to meet him there every half hour is a messenger from the mail room, who takes the load to the company post office for sorting and distribution. Messages to the company's other plants are delivered by station wagon.

Minor executives ride bicycles around the plant—the company has purchased 30 for their use. Incidentally, while Plant No. 2 was being built, the executive in charge of construction made his rounds on horseback.

Vocal communication is handled by intercommunicating equipment, interdepartmental telephone service, and a loudspeaker system. One girl spends all her time paging engineers. There is also a call system which rings gongs or chimes or toots horns in code patterns for executives and superintendents working in noisy parts of the plant. The horn is used in the riveting departments, where almost any other sound would go unnoticed.

—*American Business* 12/41

# *Marketing Management*

## Selling to Uncle Sam

UNCLE SAM'S purchasing system is both centralized and decentralized. The Army and Navy require huge quantities of goods, and there is a tremendous volume of business originating outside Washington. Quartermasters and post exchanges, for instance, buy nearly everything a city of civilian men would need, although many firms have not thought of selling to them.

Harold W. Wright, manager of the Domestic Trade Department of the Los Angeles Chamber of Commerce, who has made a thoroughgoing study of the government's methods, offers the following eight hints for those who want government business:

1. Pick out a few items that you definitely know you can produce. Don't try to bid on everything.
2. Write to the various branches of the government asking that your name be placed on their mailing lists to receive invitations to bid on the items in which you are interested. If you do not get an answer, write again.
3. When you receive an invitation to bid, submit your estimate even if you think it is too high. If you can't produce the article, write to the branch issuing the invitation, stating why you are unable to make the item and listing again the articles that you are prepared to manufacture. If you simply do not reply to the invitation, your name will be removed from the mailing list.
4. When writing to purchasing offices, name the item or items you are inter-

ested in; state the quantities you are prepared to manufacture; give a short history of the firm, with data on financial reliability; state the number of employees; and list machinery, equipment and floor space.

5. Study summaries or abstracts of calls for bids, which appear in various publications, to find items you can make.
6. Investigate post and camp purchasing offices.
7. Consult the nearest War Production Board office.
8. Go after a government contract as you would any other business. Do a selling job—giving a full set of reasons why your plant is best qualified to handle the work.

While the War Production Board has issued a new directive requiring direct placement of contracts in most cases, some branches of the government have not yet completed the changeover and are still advertising for bids. Purchasing officers prepare circular proposals and invitations to bid, listing the items to be purchased, the applicable specifications, delivery points and dates. Bid bonds are frequently required.

Army camps purchase many items directly, and the quartermaster officer is by no means the only purchasing officer. Most of the officers are allowed to make "emergency" purchases for their camps in amounts up to \$500, and these purchases can be made from firms not on the Quartermaster Corps or post exchange approved lists if the price and quality are satisfactory.

There are two preferred ways to cultivate army camp business. The first is to assign the camp to the salesman covering the territory, and the other is to hire a special salesman to call on the camps. Many firms employ retired officers for this work. Buying hours at the various camps differ, but the salesman should try to avoid making calls on Wednesday afternoon, which is the exercise and recreation period at most army establishments. Most exchange offices open at 9:30 a.m. and close at 5 p.m., with doors shut to visitors between 11 a.m. and 1 p.m. The salesman will be stopped at the gate and asked to identify himself (it is a good idea to have papers—social security card, birth certificate, driver's license, etc.), state his business and the name of the officer he wishes to see. If he has not made an appointment in advance, the sentry will call the officer and ask whether he can see the salesman.

Companies doing business with army post exchanges will be interested to know that the Purchasing Section of the Army Exchange Service is now negotiating price agreements with firms selling merchandise to the post exchanges. Agreements are being negotiated in the East at 111 Eighth Avenue,

New York City, and in the West at 26 O'Farrell Street, San Francisco.

The Bureau of Supplies and Accounts, Navy Department, Washington, D. C., is the central purchasing office for the Navy, purchasing all supplies common to the other six naval bureaus—e.g., non-perishable foods, office supplies, clothing, machinery for use aboard ship and ashore, hardware, trucks, diving apparatus. The other bureaus and their functions are:

Bureau of Aeronautics, chiefly concerned with the purchase and development of planes and parts, and equipment for these, including equipment for their manufacture.

Bureau of Medicine and Surgery, which purchases medicines, bandages, hospital equipment, etc.

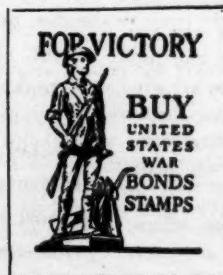
Bureau of Navigation, which purchases special technical equipment.

Bureau of Ships, whose principal function is the construction, maintenance and repair of ships of all classes, including parts and equipment for their construction.

Bureau of Ordnance, which buys ammunition, arms, gun forgings, and all materials and equipment allied to same.

Bureau of Yards and Docks, which is the construction division, handling the engineering and building of all shore facilities, such as training bases, warehouses, drydocks, piers, wharves, etc.

BY ANDREW R. BOONE. *Sales Management*, August 15, 1942, p. 25:2.



## *The Public Chooses*

OF all the luxuries and semi-luxuries apt to be affected by war conditions, men would miss coffee most. With women, on the other hand, items for internal consumption are all well down the list, while face powder, lipstick and deodorants appear at the top. If men had to cut down on some necessity, they would rather it were anything but shoes, while women voted for vegetables, with shoes and stockings next.

*Printers' Ink* conducted two surveys, one of men and one of women, to determine attitudes toward possible product shortages in non-durable goods. Opinions were obtained from 1,000 men, 500 from cities east of the Mississippi and the rest from the West, and from 1,000 women in nine cities across the country.

Findings show definitely that men think first of their stomachs and their feet, women of their appearance. Men want coffee, cigarettes, beer and ice cream; women want cosmetics and clothes—though they can spare hats and evening dresses.

Asked to pick the three luxuries they would miss most from a list of 15, more than two-thirds of the men—67.9 per cent, to be exact—joined in placing coffee at the top of the list. Cigarettes, mentioned by 55.1 per cent, rated a strong second, while beer registered a poor third with only 27.5 per cent. Ice cream (25.3 per cent) was fourth. As the item whose consumption could most easily be reduced below the present rate, more men (61.9 per cent) named desserts than any other, while shoes (10.7 per cent) were at the foot of the list.

More than 60 per cent of the women mentioned face powder as the item which would be missed most. No. 2 on the miss parade was lipstick, with a 59.6 per cent showing, while third place (with mentions by 33.2 per cent) went to deodorants. First non-cosmetic product to appear on the list is sheer stockings, which occupy fourth place with 25.0 per cent.

*Printers' Ink* 4/24/42-7/10/42

## *Today's Readership of Advertising*

ADVERTISERS are going to a whale of a lot of trouble to capture the attention of one man who is not interested in their story, while five others who are eagerly awaiting it are allowed to walk away. Moreover, the accidental attention, when the advertiser does get it, isn't worth a tinker's dam.

Five recent surveys, covering advertisements of varying sizes, tend to prove that point. Other facts brought out include:

1. Reader activity is higher today—70 to 90 per cent get inside the book.
2. For the average advertiser in two selected publications, 84 per cent of the readers were potential customers.
3. Reader exposure to advertising averaged 55 per cent.
4. The average advertisement was read in its entirety by 26 per cent.
5. As a result of the average advertisement, some kind of action was taken by 3 per cent of the readers; 7 per cent got a story from it; 23 per cent learned nothing from it but received a conscious favorable impression; 4 per cent received a negative impression; 23 per cent, no impression at all.

—ROY O. EASTMAN in *Industrial Marketing* 8/42

# *Financial Management*

## **Credit Hazards in War Industries**

SOME credit men labor under the delusion that there is no credit risk involved in shipping goods on open account to a firm manufacturing war goods because the government, in many instances, is financing the essential war industries. But the fact that your customer has a war contract is no guarantee that you will get paid for the merchandise you are shipping. No particular provisions have been made for the satisfaction of creditors. Until it is fulfilled, a war contract is not an asset but a *distinct liability*.

It is the duty of credit managers to acquaint themselves with all the new credit mechanisms, acts, contracts and government orders which have been issued or are being issued. Here are some of them:

*Emergency Plant Facilities Contract:* This provides that the government may agree to reimburse the manufacturer for the cost of additional plant facilities at the rate of 1/60 per month for five years. This contract is bankable and receivable. The manufacturer uses his own capital, but must get a government okay on plans and facilities; if he has not erected the facilities as prescribed by the government, the contract may be held up until adjustments have been made. While this contract has not been used to any extent, if at all since January 1, 1942, contracts signed prior to that date are still in force.

*Defense Plant Corporation:* A sub-

sidiary of the RFC, the Defense Plant Corporation, under the arrangement in effect in most war industries today, owns the new facilities erected for war production, while the manufacturer acts as its agent and runs the plant. Obligations incurred in the erection or maintenance of these facilities are obligations of the Defense Plant Corporation and should be billed as such.

*Assignment Claims Act of 1940:* This permits the assignment to banks and other financing institutions of all moneys due or to become due from the United States under a contract providing for payments aggregating at least \$1,000. It is assumed that this act will enable the banks to grant loans more freely.

*Supplies Contract:* This provides for production of war supplies and, like the Emergency Plant Facilities Contract, is bankable and assignable.

*Executive Order No. 9112:* This permits the War Department, Navy Department or Maritime Commission to guarantee banks or other financial institutions against loss on loans to finance war orders. The Federal Reserve Bank will act as fiscal agent in arranging loans and guarantees.

Now, what do all these mechanisms mean to the credit man? They mean that, while the three C's of credit—character, capital and capacity—are still fundamental, standards of measurement must be adjusted to the necessities of war. For example: Balance

sheet ratios no longer apply. Many firms with modest capital of their own are called upon to produce tremendous quantities with government financial assistance.

But it is the duty of the credit man to find out why customers are ordering many times their normal requirements and how and when they are going to pay, and there are several sources of information available to him. Credit agencies, for instance, record RFC loans which are mortgages on property, although, as their information comes from county recorders' offices, it presents nothing new. The creditor's own salesmen will often be able to get all the information needed, and in many instances his own bank can tell him where to secure particular and specific information. In some territories, special agency reports on reorganizations of firms producing war essentials are available.

However, where the amounts involved are substantial, the credit man must go to the customer himself and find out just what the financial arrangements are. And, when he has the complete story, he should go to the customer's bank or lending agency for confirmation. Sometimes the customer's bank pays out money from the proceeds of the loan as bills are presented for payment, and an official of the bank may countersign the checks. This provides additional protection for the bank—and for the creditor, too, if he makes the necessary contacts and arrangements.

Credit men must ask themselves: Can the customer's management cope

with the problems of converting the business from a peace to a war footing? Can the customer take care of merchandise bills in accordance with our regular terms?

Then they must ask: What are the terms of the termination clause in the war contract the customer is holding? If hostilities suddenly end—as we all hope they will—what about his undelivered war orders? Will the adjustment clause in the termination agreement allow him to recover his costs so that he can pay us? Will the customer be able to convert his business from a war to a peace basis when the last shot is fired?

Most of the difficulties experienced in extending credit to war industries have arisen in cases where the customers were not financially strong in the first place. In some instances, the RFC extended them loans five, six and seven years ago, and they have never been able to reduce them substantially. Occasionally general creditors have been called upon to subordinate their old claims to the RFC obligations, or to settle at so many cents on the dollar. Now, when these manufacturers are needed to produce war goods, the RFC extends increased amounts to cover the new facilities needed, and in the end has a lien or mortgage on almost every asset of value. This means that a merchandise creditor has little protection. The customer may call on him to extend special credit as a patriotic duty, but in truth he is inviting him to financial suicide. By WILLARD BECKER. *Credit and Financial Management*, September, 1942, p. 18:3.

# *Insurance*

## **Guideposts to Business Life Insurance**

**I**MPORTANT as are the capital assets of a business, equally important are its human assets—the president or chairman, the co-partner or sole proprietor. In the opinion of many insurance men, the loss of these human assets can be far more serious to a company than loss of capital assets.

This conception of human assets in business has been recognized by large corporations for many years, and today key men in most large corporations are insured in favor of the company. Because business insurance enjoyed a rapid growth among the large corporations, the idea became current that business insurance was useful to only that type of organization. Nothing could be farther from the truth. Actually, business insurance does an even more important job in connection with small businesses, as, for example, in closed corporations, co-partnerships, pure partnerships, and sole proprietorships.

Adequate life insurance is usually necessary if the survivors are to acquire suitable replacements or if they are to realize on their interests in the business as they appeared when the deceased was living. Business life insurance, therefore, has the same protective value to a going business as do the various forms of fire and casualty and surety insurance coverages.

While the primary purpose of busi-

ness insurance is to replace the loss of a material asset—as is the primary purpose of any type of insurance policy—legal reserve life insurance, when purchased for business reasons, contributes in many other ways to an organization's stability and progress.

First, it creates a constantly increasing secondary cash reserve which serves as a cushion and which may well be a life-saver for the business in times of depression or other emergency.

Second, it is usually essential to have a formal business insurance agreement—separate from the policy or policies—which guarantees that the insurance will actually accomplish the purpose for which it was purchased. In drawing up an insurance agreement, it can be so worded as to create a retirement plan and make possible a more orderly retirement of members of the firm as they reach old age.

Third, business life insurance is frequently used to protect and retire bonded indebtedness. Your firm may require additional capital for expansion, and a special bond issue may be authorized to raise the money for that purpose. In that event, the responsible lives of the company may be insured with the understanding that, upon the death of one of the insured persons, the proceeds of the policy will be available to retire that bonded indebtedness in whole or in part.

Fourth, business life insurance prob-

ably helps more than any other kind of insurance coverage to stabilize the credit standing of a business organization. If the human assets of your business are protected, your creditors have an additional factor of safety.

Two things are vitally important in setting up a business insurance plan: (1) the determination of the proper insurable interests or the human asset values, and (2) the management of the proceeds or the guaranty that the insurance accomplishes the object for which it was purchased.

The proper amount of insurance on the life of any one man is based on the amount of capital which would be withdrawn upon the occasion of his death, and the effect of this withdrawal upon the business of the survivors. Insurable interest is probably most apparent in the case of a co-partnership, in which each member obviously has a real interest in the continuance of the lives of his co-partners.

Equally important, however, as having a proper amount of business insurance in force on the proper individuals, is the management of the proceeds. This involves trusteeship, which is an essential service if the intentions of those concerned are to be rapidly and completely carried out. Where insurance is payable to the members of the firm and an agreement exists which provides for the purchase of the decedent's interests, litigation sometimes results.

If you desire to create a business insurance plan for your business, your first step should be to consult a specialist in business life insurance. Your

second step is to have your attorney draw up exactly the kind of stock purchase or transfer of interest agreement that you desire. Your third step is to set up a trusteeship which will insure that the proceeds are managed exactly as the agreement dictates.

A bank or trust company should be obtained as trustee. The trustee is empowered by the business insurance trust agreement to receive the proceeds paid upon the death of one of the insured members of the firm and to use those proceeds to purchase the interest of the decedent (or for any other purpose specified) and for no other purpose.

In the case of a corporation, the members of the corporation at the inception of the agreement deposit their stock with the trustee. This stock is generally endorsed in blank. During the time that the stock is held (in escrow) by the trustee, members of the firm do not lose their voting rights, dividend privileges, or any other benefits which are accorded by ownership of the stock, except that they cannot sell or dispose of their stock to outsiders. In many such trust agreements, however, it is specifically provided that members of the firm will be allowed to sell their stock to an outsider after the stock is first offered for sale to the members of the organization.

The simplest type of business insurance is to be found in connection with corporations, where the corporation applies for a policy of insurance on the life of one of its executives. The premium is paid by the corporation.

The corporation is the beneficiary and the insured executive is the "insured." The "insured" has nothing to do with the transaction except that he must pass the medical examination, and he has no personal interest in the policy whatsoever.

Changing values present a serious hazard. If a plan is set up and it should be found that the proceeds of the life insurance policies are inadequate to purchase the interest of the deceased partner or member of the firm because the value of the business has increased in the meantime, the entire plan may fail to achieve its purpose. The simplest plan is for the partners or firm members to agree periodically on the value of their vari-

ous interests and certify to the trustee, designated as beneficiary under the plan, those values as agreed upon. As a further safeguard, however, the agreement should be so drawn as to provide that, if the proceeds are inadequate, the proceeds should be used as a down payment and that notes should be taken for the balance in the same proportion from each survivor as the interest of the deceased which each survivor receives. The interest which the notes should bear should be specified, and the period in which they are to be retired must be acceptable to the representatives of the deceased. By FRED C. CROWELL, JR. *Barron's*, October 19, 1942, p. 9:1.

### **Recreation Coverage**

EMPLOYEES at the Westclox Division of General Time Instruments Corporation are now covered by accident insurance when they take part in the company recreational program. The insurance is free to all members of the Westclox Recreation Association, and benefits are similar to those paid under the Workmen's Compensation Law.

Coverage includes any accident which occurs when the employee is actually engaged in any one of several named activities and accidents which result from such activities. For instance, employees are covered while inside the company bowling alleys if their presence there is necessitated by an authorized contest. In any case, naturally, the activity must be authorized by the Recreation Association if an injured employee is to receive benefits.

Since this type of coverage is somewhat unconventional and Westclox regards it as an experiment, coverage is for one year only, beginning January 1, 1942.

—*Tick Talk* 4/42

### **AMA INSURANCE CONFERENCE**

*The Winter Insurance Conference of the American Management Association will be held at the Drake Hotel, Chicago, on Tuesday and Wednesday, December 8-9.*

---

## *Survey of Books for Executives*

---

**The Office Supervisor.** By Henry E. Niles and M. C. H. Niles. John Wiley & Sons, Inc., New York, 1942. Second edition. 269 pages. \$2.50.

*Reviewed by Leona Powell*

The intensified need for worker training has affected not only factories but offices, and material directly applicable to clerical training problems is relatively scarce. Hence a new edition of this authoritative work is particularly timely.

While this book does not outline a formal training program, it does provide an over-all picture of the work and problems of office supervisors and can thus be used as a text on which to base a series of training conferences. In fact, it grew originally out of many such conferences conducted by its authors for the companies which they served in the capacity of consultants in office management. The easy, informal style of the text and the wealth of illustrative case material make it equally adaptable for conference use or for private reading by supervisors or prospective supervisors. A bibliography is provided for those who may wish to make detailed study of the various topics.

This second edition has been enlarged by the addition of material

from conferences conducted by the authors since the first edition was issued in 1935. The new material is interspersed through the book in the form of new case histories and new text on topics in which there has been widening interest or which have been marked by significant developments—e.g., employee rating. A new chapter, "The Organization," treats of the relationship between the supervisor and such specialists as personnel and planning men; relationship with other departments; the nature of authority; and the importance of the informal as well as the formal organization.

Extensive use of the first edition of "The Office Supervisor" in office organizations throughout the country has proved its worth. The revised edition should be heartily welcomed by office managers.

**Philosophy of Organization.** By Norman B. Schreiber. A. Kroch and Son, Chicago, 1942. 113 pages. \$2.50.

*Reviewed by Edward N. Hay*

It is surprising how few top executives can be induced to discuss theories of organization. As "practical" men who have proved their skill, they

seem to believe that any discussion of theory is useless and academic. It is no criticism of their ability to express regret that their inarticulateness compels the younger generation to learn by trial and error. Many, indeed, learn badly or not at all.

Mr. Schreiber, in his "Philosophy of Organization," presents sound ideas and presents them well, even if much of the material itself is familiar. He draws liberally on the best writers in this field, where relatively little has been written, quoting from the works of well-known and successful executives and organizers in industry. These include Mooney of General Motors, Barnard of Bell Telephone, and Denni-

son, McKinsey, Urwick and Follett.

In his own working life the author illustrates that desirable combination of sound theory and good practice. He discourses on theory as lecturer in industrial management at Illinois Institute of Technology and demonstrates his command of good practice as president of McDonald Bros., Inc., management consultants.

Chapter titles of this readable book give an idea of the tenor of his discussion. They include Administration, Planning, Organizing, Command, Coordination, Control, Authority, Span of Control, and Policy. The book deserves the attention of all who are interested in its subject matter.

**STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933**  
**OF THE MANAGEMENT REVIEW**, published monthly at New York, N. Y., for October 1, 1942.  
 State of New York } ss.  
 County of New York }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared James O. Rice, who, having been duly sworn according to law, deposes and says that he is the Editor of THE MANAGEMENT REVIEW and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, American Management Association, 330 West 42nd Street, New York, N. Y.; Editor, James O. Rice, 330 West 42nd Street, New York, N. Y.; Managing Editor, None; Business Manager, Alvin E. Dodd, 330 West 42nd Street, New York, N. Y.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) American Management Association, 330 West 42nd Street, New York, N. Y.; Alvin E. Dodd, President, 330 West 42nd Street, New York, N. Y.; James L. Madden, Treasurer, 1 Madison Avenue, New York, N. Y.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

JAMES O. RICE, Editor.

Sworn to and subscribed before me this 9th day of October, 1942.

(Seal)

RUTH KHAN, Notary Public.  
 (My commission expires March 30, 1944)